What is the Extended Medicare Safety Net (EMSN) and how does EMSN capping work?

The Extended Medicare Safety Net (EMSN) provides an additional rebate for Australian families and singles who incur out-of-pocket costs for Medicare eligible out-of-hospital services. Once the relevant annual threshold of out-of-pocket costs has been met, Medicare will pay for 80 per cent of any future out-of-pocket costs for out-of-hospital Medicare services for the remainder of the calendar year. For some Medicare items, there is an upper limit on the amount of benefit that is paid through the EMSN.

There are two thresholds for the EMSN. These thresholds are indexed by the Consumer Price Index (CPI) on 1 January each year. The 2013 annual EMSN thresholds are:

- **$610.70** for Commonwealth concession cardholders, including those with a Pensioner Concession Card, a Health Care Card or a Commonwealth Seniors Card, and people who are eligible for Family Tax Benefits (Part A); and
- **$1,221.90** for all other singles and families.

How do I register for the EMSN?

Couples and families should contact the Department of Human Services — Medicare to register their family members as part of a Medicare eligible family. Registering as a family allows eligible out-of-pocket costs for each individual family member to count toward the family's EMSN threshold. Couples and families need to register even if all family members are listed on the Medicare card. Registration is only required once unless family members change, for example, if a dependent child is no longer studying or you have a newborn baby.

What are out-of-hospital services?

Out-of-hospital services include GP and specialist attendances, services provided in private clinics and private emergency departments, and many pathology and diagnostic imaging services. However, many day surgery facilities are classified as hospitals in Australia. The distinction between in-hospital and out-of-hospital services is not always obvious. It is important that patients talk with their doctors regarding the classification and likely out-of-pocket costs for their medical treatment, including any rebates paid through Medicare.

What is the Original Medicare Safety Net?

The Original Medicare Safety Net (OMSN) works in conjunction with the EMSN, and has not changed. Under the OMSN, once the annual threshold is reached Medicare benefits increase to 100 per cent of the schedule fee for all out of hospital services for the rest of the calendar year. Only the 'gap amount', that is the difference between the Medicare rebate and the Schedule fee, counts towards the OMSN threshold.

The OMSN threshold in 2013 is $421.70.

What services are not eligible for the EMSN?

In-hospital services are not eligible for the EMSN. Where people receive their treatment in-hospital as a private patient they are eligible for a Medicare rebate equal to 75% of the Medicare Benefits Schedule (MBS) fee. If they hold PHI, they may also receive a rebate from their PHI fund.

The EMSN provides an additional Medicare rebate for eligible out-of-hospital services. It is not available for services for which a Medicare rebate is not paid and out-of-pocket costs for these services do not count towards the annual EMSN threshold.

What are EMSN benefit caps?

An EMSN benefit cap is an upper limit on the amount of benefit that can be paid through the EMSN for an MBS item, regardless of the fee charged by the doctor.

EMSN benefit caps have been in place since 1 January 2010 following the findings of an independent review, conducted by the Centre for Health Economics Research and Evaluation (CHERE), which found that some specialist doctors were increasing their fees knowing their patients would get 80 per cent of their out-of-pocket costs reimbursed through the EMSN.

The services that were capped on 1 January 2010 include: obstetric services and pregnancy related ultrasounds, assisted reproductive technology (ART) services, one item for cataract surgery, one item for varicose vein treatment and hair transplantation.

Since then, when some new services have commenced funding through the MBS, they have been introduced with an EMSN benefit cap following recommendations made by the Medical Services Advisory Committee (MSAC) or for consistency with previously capped items.

All patients who have reached their EMSN threshold are eligible to receive an EMSN benefit up to the amount of the EMSN benefit cap each time that they claim for a capped service.

How are EMSN benefit caps calculated?

For a capped item the method for determining the EMSN benefit is the same as an uncapped item — that is, 80 per cent of the patient's out-of-pocket cost once the patient has reached the EMSN threshold. If the calculated benefit is greater than the EMSN benefit cap, the patient receives the EMSN benefit cap amount. If the calculated benefit is less than the EMSN benefit cap, the patient receives the calculated benefit (which is equal to 80 per cent of the out-of-pocket costs for the claim).

Out-of-pocket cost is the difference between the fee charged by the doctor and the standard Medicare rebate received by the patient from Medicare before EMSN benefits are paid.

What items had EMSN caps prior to 1 November 2012?

All assisted reproductive technology (ART) services, obstetric services, including pregnancy ultrasounds, midwifery services and the seven selected items listed below, had EMSN caps prior to 1 November 2012. From 1 November 2012, these items are capped based on a percentage of the MBS schedule fee.

Item number	Description	Capping Percentage	2013 EMSN benefit cap ($)
14201	Injection of poly-L-lactic acid for the treatment of severe facial lipoatrophy (initial session)	15	35.55
14202	Injection of poly-L-lactic acid for the treatment of severe facial lipoatrophy (subsequent sessions)	15	18.00
32500	Varicose vein treatment via injection of sclerosant	110	120.80
32520	Varicose vein treatment of one leg using endovenous laser therapy	15	80.05

32522	Varicose vein treatment of one leg using endovenous laser therapy	10	79.35
42702	Cataract surgery	15	114.10
45560	Hair transplantation	35	165.80

From 1 November 2012, EMSN benefit caps apply for all consultation items, 38 new procedural items and one ultrasound item. The new caps are calculated based on a percentage of the MBS fee. The MBS items that are capped from 1 November 2012 are available at the end of this fact sheet.

For consultation items the EMSN benefit cap is set at 300 per cent of the MBS fee, up to a maximum cap of $500. Therefore, if a consultation item has an MBS fee of $100, the EMSN benefit cap is $300. If the consultation item has an MBS fee of $200, the EMSN benefit cap is $500.

Note: All consultations, including GP, specialist, consultant physician and allied health, will have an EMSN cap.

For the other 'non-consultation' items that were capped on 1 November 2012, the EMSN benefit cap is equal to 80 per cent of the MBS fee. For these items there is no upper limit on the setting of the cap. Therefore if an item has an MBS fee of $800, the EMSN benefit cap is $640.

The level of the EMSN benefit caps will increase in line with the MBS fees and rebates on November, rather than on 1 January of each year. This will ensure that a patient's maximum Medicare benefit (ie. the base Medicare rebate plus their EMSN benefit) will not change more than once in a calendar year.

The following scenarios illustrate how the EMSN caps work. The scenarios assume that the patient has already reached their EMSN threshold and is therefore eligible to receive EMSN benefits.

From 1 November 2012, item 104, an initial consultation with a specialist, has an MBS Fee of $85.55, an out of hospital MBS rebate of $72.75 and an EMSN benefit cap of $256.65.

Example A: No impact to patients due to EMSN caps
If the specialist charges $140 for the consultation, the patient's out-of-pocket cost before EMSN benefits are paid is $67.25 (doctor's fee minus the MBS rebate received). Assuming the patient has reached the relevant EMSN threshold, the EMSN benefit for this consultation is calculated to be $53.80 (80 per cent of the patient's out-of-pocket cost).

As the calculated EMSN benefit is below the EMSN benefit cap amount of $256.65 the patient will receive the full $53.80 in EMSN benefits. As a result, the total cost incurred by the patient is $13.45 and EMSN capping has no impact on the patient.

Example B: Impact to patients due to EMSN caps
If the specialist charges $500 for the consultation, the patient's out-of-pocket cost before EMSN benefits are paid is $427.25 (doctor's fee minus the MBS rebate received). Eighty per cent of the out-of-pocket cost would be equal to $341.80. This amount is higher than the EMSN benefit cap of $256.65, therefore, assuming the patient has reached the relevant EMSN threshold, the maximum EMSN benefit that the patient will receive is $256.65. The total MBS benefit for this consultation is calculated to be $329.40 (MBS rebate plus the EMSN benefit cap). As a result, the total cost incurred by the patient is $170.60. The effect of the specialist billing at this rate means that the EMSN benefit cap has impacted on the patient's out of pocket cost.

Note: Medicare benefits are rounded up to the nearest 5 cents.

Consultation Items that will have an EMSN cap from 1 November 2012

MBS group	Name of group	Item numbers
Group A1	GP attendances	3 – 51
Group A2	Other non-referred attendances	52 – 96
Group A3	Specialist attendances	99 – 109
Group A4	Consultant physician attendances	110 – 133
Group A5	Prolonged attendances	160 – 164
Group A6	Group therapy	170 – 172
Group A7	Acupuncture	173 – 199
Group A8	Consultant psychiatrist	288 – 370
Group A9	Contact lenses – attendances	10801 – 10816
Group A11	Urgent attendance after hours	597 – 600
Group A12	Consultant occupational physician	385 – 389
Group A13	Public health physician	410 – 417
Group A14	Health assessments	701 – 715
Group A15	GP management plans, team care arrangements, multidisciplinary care plans	721 – 880
Group A17	Domiciliary and residential management reviews	900 – 903
Group A18	GP attendance associated with a PIP incentive payment	2497 – 2559
Group A19	Other non-referred attendances associated with a PIP incentive payment	2598 – 2677
Group A20	GP mental health treatment	2700 – 2727
Group A21	Emergency physician	501 – 536
Group A22	GP after hours attendances	5000 – 5067
Group A23	Other non-referred after hours attendances	5200 – 5267
Group A24	Pain and palliative medicine	2801 – 3093
Group A26	Neurosurgery attendances	6007 – 6016
Group A27	Pregnancy support counselling	4001
Group A28	Geriatric medicine	141 – 149

Group A29	Early intervention services for children with autism, pervasive developmental disorder or disability	135 – 139
Group A30	Medical practitioner telehealth attendances	2100 – 2220
Group T6	Anaesthetic consultations	17609 – 17690
Group M3	Allied health services	10950 – 10970
Group M6	Psychological therapy services	80000 – 80020
Group M7	Focussed psychological strategies (allied mental health)	80100 – 80170
Group M8	Pregnancy support counselling	81000 – 81010
Group M9	Allied health group services	81100 – 81125
Group M10	Autism, pervasive developmental disorder and disability services	82000 – 82035
Group M11	Allied health services for Indigenous Australians who have had a health check	81300 – 81360
Group M12	Services provided by a practice nurse or registered Aboriginal health worker on behalf of a medical practitioner	10983 – 10989, 10997
Group M13	Midwife telehealth services	82150-82152
Group M14	Nurse practitioners	82200 - 82225

Procedural items and one ultrasound item that will have an EMSN cap from 1 November 2012

Item Number	Description of Service
11700	Electrocardiography, tracing and report.
14100	Laser photocoagulation for the treatment of vascular lesions
20142	Initiation of management of anaesthesia for lens surgery
30071	Diagnostic biopsy of skin or mucous membrane
31200	Removal of tumour, cyst, ulcer or scar by surgical excision
31205	Removal of tumour, cyst, ulcer or scar by surgical excision
31521	Total male mastectomy
31527	Subcutaneous male mastectomy
31560	Excision of accessory breast tissue
32501	Varicose vein treatment
32504	Varicose vein treatment
32507	Varicose vein treatment
34106	Ligation of artery or vein
35533	Vulvoplasty or labioplasty
37619	Reversal of male sterilisation – vasovasostomy or vasoepididymostomy
42590	Canthoplasty – eyelid surgery
42738	Injection of a therapeutic substance into the eye
42739	Injection of a therapeutic substance into the eye
42740	Injection of a therapeutic substance into the eye
45003	Single stage local myocutaneous flap repair to 1 defect, simple and small
45025	Carbon dioxide laser for scaring on face or neck
45026	Carbon dioxide laser for scaring on face or neck – more than 1 area
45200	Single stage local flap, where indicated, to repair 1 defect, simple or small,
45203	Single stage local flap, where indicated, to repair 1 defect, complicated or large,

45206	Single stage local flap, where indicated, to repair 1 defect, on eyelid, nose, lip, ear, neck, hand, thumb, finger or genitals
45545	Reconstruction of nipple areola or both
45584	Liposuction
45585	Liposuction
45587	Meloplasty for correction of facial asymmetry due to soft tissue abnormality
45614	Whole thickness reconstruction of eyelid other than by direct suture
45617	Upper eyelid reduction
45620	Lower eyelid reduction
45623	Ptosis of eyelid (unilateral), correction of
45624	Ptosis of eyelid, correction of, where previous ptosis surgery has been performed
45632	Rhinoplasty, correction of lateral or alar cartilages
45635	Rhinoplasty, correction of bony vault only
45652	Rhinophyma, carbon dioxide laser or erbium laser excision-ablation of
45659	Correction of lop ear, bat ear or similar deformity
55054	Ultrasonic cross-sectional echography in conjunction with a surgical procedure using interventional techniques